



Project Information Document (PID)

Concept Stage | Date Prepared/Updated: 16-May-2019 | Report No: PIDC26124

**BASIC INFORMATION****A. Basic Project Data**

Country Lao People's Democratic Republic	Project ID P169669	Parent Project ID (if any)	Project Name Enhancing Systematic Land Registration Project (P169669)
Region EAST ASIA AND PACIFIC	Estimated Appraisal Date Mar 02, 2020	Estimated Board Date Jul 01, 2020	Practice Area (Lead) Social, Urban, Rural and Resilience Global Practice
Financing Instrument Investment Project Financing	Borrower(s) Ministry of Natural Resources and Environment	Implementing Agency Ministry of Natural Resources and Environment	

Proposed Development Objective(s)

The objective of the project is to support the Government of Lao PDR in scaling up systematic land registration and improving delivery of land administration services.

PROJECT FINANCING DATA (US\$, Millions)**SUMMARY**

Total Project Cost	25.00
Total Financing	25.00
of which IBRD/IDA	25.00
Financing Gap	0.00

DETAILS**World Bank Group Financing**

International Development Association (IDA)	25.00
IDA Credit	25.00

Environmental and Social Risk Classification

Concept Review Decision



High

Track II-The review did authorize the preparation to continue

Other Decision (as needed)

N/A

B. Introduction and Context

Country Context

With two thirds of its population living in rural areas, Lao Peoples' Democratic Republic (Lao PDR) is an agrarian economy with a low population density that is classified as a lower-middle income country. Since 2000, the country has experienced an average economic growth rate of 8 percent, although this has tapered in recent years, with a 7.4 percent growth rate in 2015 and a 7 percent rate in 2016. Growth in the mid-2000s was primarily driven by the mining sector; however, its contribution to growth has decreased due to the decline in prices as well as a weak regulatory environment. In more recent years, hydropower projects, largely expected to meet energy demands in neighboring countries, are the main sources of growth, with Lao PDR increasing installed capacity ten-fold between 2000 and 2016 to above 6,000 megawatts, mostly through engagements with national and international, private-sector actors.

Economic growth has also helped to lower the rate of extreme poverty in Lao PDR. The country met its Millennium Development goal of reducing extreme poverty to below 24 percent by 2015 and living conditions have improved significantly. Estimates from the most recent Laos Expenditure and Consumption Survey (LECS 5) show that the poverty rate – based on the national poverty line – declined from 34 percent in 2002-03 to 23 percent in 2012-13 (around 1.5 million people). Measuring the international comparable poverty line of US\$1.90¹, poverty declined from 24 percent in 2002-03 to 15 percent in 2012-13. Reaching the World Bank goal of reducing extreme poverty to less than 3 percent would mean reducing the number of poor people in Lao PDR by more than 800,000.

Aggregate improvements in welfare, however, mask large differences between regions and socio-economic groups. At 29 percent, the poverty line in rural areas was higher than the 10 percent in urban areas, with the gap widening between 2007-08 and 2012-13. Rural areas accounted for 87 percent of the poor in 2012-13, compared to 80 percent five years earlier. Poverty is also concentrated in upland areas and among the less educated, and those who primarily depend on subsistence farming. Poverty in rural areas and the environment are also linked due to the vulnerability of the poor to faster industrial growth without shared benefits as well as the impact of climate change. The lack of proper preventative measures by developers as well as from smaller scale activities result in downstream effects from mining and commercial agriculture. The persistence of illegal activities in rural areas is, in part, linked to the minimum opportunities for alternative livelihoods, but also to the absence of a strong governance system that can protect the interests of the poor against the interests of proponents of large-scale development projects.

In response to these challenges, the Government of Lao PDR (GoL) has launched efforts to improve governance and more particularly, delivery of key services such as land administration. The recognition of the need to improve the quality of public services is evolving, and mechanisms to solicit feedback and consultation are gradually being introduced. However, in many instances even the few options that exist to provide a voice to citizens and businesses are not effectively

¹ 2011 PPP dollars a day.



implemented. The opportunities for the development of a dynamic and vibrant private sector are limited. The lack of a system for accountability has led to the unsustainable and often illegal exploitation of natural resources and an inability to contain or prevent social and environmental effects of industrial development. It has become apparent that while the development of natural resources will continue to be a key driver of economic growth, without an improved system to sustainably manage natural capital, the social and environmental costs may be irreparable and may soon outweigh the economic benefits of exploration and reduce future opportunities.

As one of its strategies for improving a transparent and accountable system of governance in rural areas that also protects the country's natural capital, the Lao PDR has begun focusing on how the lack of land tenure security, the absence of land use regulations and unregulated access to land have hampered development opportunities, while simultaneously causing tension, exclusion and poverty.

Sectoral and Institutional Context

Consistent with its strategies for poverty reduction, promoting economic growth and good governance, the GoL initiated a set of policy and legal reforms to address land administration challenges in the country. The Party's Central Committee Resolution *On the Enhancement of Land Management and Development in New Period*, which simultaneously functions as Lao PDR's *de facto* land policy, provides a framework for accelerating land titling, modernizing land services and strengthening individual, collective and customary land tenure. The Resolution highlights many problems with the current land administration system: (i) conversion of land use in violation of the law; (ii) incomplete land use plans, resulting in encroachment on public and forestlands and unlawful allocation of land use rights; (iii) lost income from weak taxation processes; (iv) unlawful transfer and sale of land use rights; (v) increase in land-related disputes; (vi) unsuccessful use of land for social and economic development; (vii) implementation of land expropriation via non-transparent means, creating heavy burdens on land rights holders and increasing public tension; and (viii) reduced citizen trust in government due to the mismanagement of land administration.

The Resolution also provided principles to guide the reform of land administration practices to support social and economic development in Lao PDR: (i) recognition and protection of individual, collective and customary land use rights; (ii) strengthening the systems of land allocation and land use planning; (iii) modernization of land administration practices and services; (iv) limitation of land areas for use by individuals; (v) enhancing justice in mechanisms for expropriation and cancellation of land use rights; (vi) strengthening regulation of land concessions and conversions; (vii) improving land dispute resolution mechanisms to increase transparency and fairness; (viii) improving the monitoring of land use; and (ix) strengthening the institutional framework for land administration.

The Party resolution was followed by *The National Master Plan for Land Allocation* that provided guidelines for systematic and sustainable planning of allocations of land and natural resources. The Master Plan was presented and adopted by the National Assembly in June 2018. The GoL has also drafted three legal instruments (i) draft Land Law; (ii) draft Forestry Law; and (iii) draft Agricultural Law, which, after numerous rounds of consultations with national and international actors including the World Bank, are likely to be submitted to the National Assembly in May 2019 for review and adoption.

Completing the titling and registration of Lao PDR's land parcels has been prioritized by the GoL in order to strengthen land and property rights in the country as well as to produce a solid baseline of land and property ownership information in order to address the numerous other shortcomings in land administration as specified by the Resolution above. Out of an estimated 3 to 3.5 million land parcels in Lao PDR as estimated by the Ministry of Natural Resources and Environment (MONRE), roughly 1.2 million parcels have been registered to date, albeit mostly in urban areas. As part of its goal to complete the registration process, the GoL has set concrete targets in its Eighth National Socio-Economic Development



Plan (NSEDP) and Vision 2030 to issue 400,000 new titles by 2020 and a further 800,000 titles by 2025. Since the Bank-financed Second Land Titling Project's (LTP-II; P075006) closing in 2010, MONRE's Department of Lands (DoL) has been implementing a systematic land registration process using government resources and requiring the beneficiaries to pay. However, the pace of registration is modest, partly because of the inability of people to pay the costs, and the process has mainly focused on urban and peri-urban areas.

MONRE recognizes that it will not be able to achieve the targets set in the Eighth NSEDP without accelerating its systematic land registration process and that the task will become more challenging as systematic land registration is shifted to rural areas. The GoL has also requested MONRE to modernize land service delivery and improve land-related databases as part of ensuring that it has the most up-to-date land and property ownership information. In this context, MONRE is requesting Bank assistance to support the acceleration and scale-up of the systematic land registration process in rural areas and the modernization of its land services to cover subsequent land transactions.

There are a number of issues that the Bank team will continue to monitor while developing the proposed project. The GoL has been revising key legislation, including the *Land Law* and *Forest Law*. Successive drafts of the Land Law have improved yet several issues remain unresolved including: registration of land in forest/protected areas; registration of shifting cultivation lands; processes for registering customary land use; and insufficient provisions for expropriation. The extent to which these issues are addressed will guide the selection of areas for systematic registration activities. Data related to land administration activities will need to be enhanced and made publicly available. The GoL must also strengthen public information services and accountability measures for weak or non-delivery of services.

To support broader land sector reform the proposed Bank project will be coordinated with programs funded by GiZ and KfW Bank aus Verantwortung, both of which are funded by the German Ministry of Foreign Affairs for a total of almost €10 million. Joint development missions have been conducted and a provisional division of labor is under discussion. The Bank and KfW have discussed the formation of a joint Project Management Unit within MoNRE and will jointly develop relevant social and environment assessments. Additionally, the Task Team has received permission from the Japan Social Development Fund to develop a grant for the Land Issues Working Group and Helvetas to develop information, awareness and counseling services in communities where systematic registration takes place.

Relationship to CPF

The proposed project is closely aligned with the CPF's cross-cutting theme of strengthening institutions to establish a rules-based environment, which is also aligned with cross-cutting Output 1 of the GoL's Eighth NSEDP that emphasizes enhancing the effectiveness of public governance and administration. The project will also contribute to the CPF's Focus Area 3: Protecting the Environment via Objective 3.1: Promoting environmental protection and sustainable natural resources management. By helping to strengthen the land and property rights of beneficiaries in Lao PDR's rural areas, legal protections against encroachments by large development projects as well as the illegal exploitation of natural resources will be provided that will also help the beneficiaries to protect and strengthen their livelihoods.

C. Proposed Development Objective(s)

The objective of the project is to support the Government of Lao PDR in scaling up systematic land registration and improving delivery of land administration services.



Key Results (From PCN)

The **proposed key results indicators** for the project are:

- Properties in target areas updated, validated or registered in the digital cadastre register (Number);
- Provincial and district registration offices in target areas with upgraded workflows, information systems and processes (Number);
- Beneficiaries who received a title or use rights recorded in LaoLandReg (Number; disaggregated by gender);
- Reduction in cost to record a title under the systematic land registration process (Amount (USD)); and
- Satisfaction of beneficiaries with the process of increasing land tenure security (Percentage; disaggregated by gender).

D. Concept Description

The proposed project aims to support the issuance of approximately 1.2 million land titles by 2025 while simultaneously establishing a unified land administration system in the country.

The project would have four components:

Component A: Systematic Registration of Land Tenure Rights. This component will support: (i) systematic registration of land tenure rights, including title; (ii) public awareness raising and community participation, (iii) enhancing the geodetic network (CORS system); (iv) upgrading and scaling the LaoLandReg software module developed by GiZ; and (v) training for MoNRE staff and local communities. These activities will be implemented in locations selected in consultation with MoNRE and taking into consideration revisions to the *Land Law* and coordination with GiZ and KfW. The Team will also work with MoNRE to develop incentives for joint registration for married couples.

Component B: Modernization of the Land Administration and Service Delivery. This component will focus on improving the effectiveness of land administration services for a wider range of land transactions, including sales and divisions of property, in provincial and district offices. It will build the capacity of MoNRE to conduct subsequent transactions in land in a more efficient and sustainable manner. Possible activities include: further development of the LaoLandReg software to capture additional transactions; digitizing existing archives and records; improving business processes; developing a strategic vision and business plan; establishing front desks to improve customer experiences; training; public awareness; advisory services focusing on key stakeholders in the private sector; and implementing systematic client feedback.

Component C: Policy and Legal Framework. This component will support further development of land policies, laws and regulatory frameworks. Specific studies and policies will be developed, such as delimitation and administration of state land property, registration of customary and communal land rights, land expropriation, land conflict, land and inclusion and land valuation and taxation. These studies will help develop policy to be covered in legislation and regulations. The Bank will also continue to provide feedback on aspects of the legal framework, including the Land Law, Forestland Law and regulations covering issues such as surveying and registration of customary land usage.

Component D: Support for project management, monitoring, and evaluation. The aim of this component is to support overall project implementation by strengthening capacities in project management and monitoring and evaluation (M&E). It includes preparation and delivery of training and capacity building programs at all levels.



Legal Operational Policies	Triggered?
Projects on International Waterways OP 7.50	No
Projects in Disputed Areas OP 7.60	No

Summary of Screening of Environmental and Social Risks and Impacts

The project will not finance physical civil works and therefore no direct footprint and impacts on local environment and communities are anticipated. However, in the short term, solid waste generation and management will have to be addressed in accordance with the ESS3; and in the long term, the granting of land titles near forests and natural habitats may cause indirect impacts. These impacts could include unsustainable land use practices, that impact adjacent forest and natural habitats areas. The project will address this issue through the design and implement mitigation measures required under ESS6.

Over 1,000 employees or about 150 teams expected to be fielded to conduct land registration activities in rural areas and will likely stay or camp out in remote villages for a certain period of time. Although not all teams will work in the same villages, potential risks and impacts associated with their stay and camping in the villages are envisaged including solid waste generation and management and community health and safety issues, gender based violence and violence against children, physical and mental well-being disturbance to the communities and tangible and intangible cultural heritage in the area.

Other potential social risks and impacts include:

a) systematic land registration process to be supported under the project may fail or inadequately address issues around customary land usage, expropriation and encroachment on forest land, resulting in risk to land tenure security for some vulnerable persons particularly the ethnic minority groups and the poor.

b) Possible domestic gender-based violence as a consequence of empowerment of married women in decision making and sharing responsibility for land management and tenure with the land titles co-signed by both husband and wife as this could be conflicting with cultural and traditional norms and practice among some ethnic minority groups and ethnic villages who are defined as Indigenous People under ESSF7.

c) Reputation risk that could be posed by other projects (not financed by the Bank) with land acquisition and resettlement required during and even after the life time of the project. The affected communities or their members who have received land registration support from this project with land use certificates and titles provided may raise their concerns and apply grievances to the other project developers and concerned authorities possibly through grievance procedures established under this project. In case if their grievances have not been addressed in a timely and satisfactory manner and in accordance with the national policy, these could be escalated into discontents and possibly social unrests eventually.

Capacity of the DoL, MONRE and their staff to be fielded to conduct the land registration remains questionable and to be assessed before appraisal.

The Bank will work with the Borrower to ensure risks and impacts mitigation measures are in place and complied to enhance possible during the project design and implementation in order to address or minimize risks and negative



impacts and to enhance development outcomes of the project.

Note To view the Environmental and Social Risks and Impacts, please refer to the Concept Stage ESRS Document.

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APPROVAL

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